"Ujjivan Small Finance Bank Q4 FY2020 Earnings Conference Call"

May 19, 2020

ANALYST: **MR. ABHISHEK MURARKA – IIFL SECURITIES LIMITED**

MANAGEMENT: **MR. NITIN CHUGH – MD AND CHIEF EXECUTIVE OFFICER - UJJIVAN FINANCIAL SERVICES LIMITED**
MRS. UPMA GOEL – CFO - UJJIVAN FINANCIAL SERVICES LIMITED
MR. RAJAT KUMAR SINGH - BUSINESS HEAD – MICRO BANKING AND RURAL BANKING - UJJIVAN SMALL FINANCE BANK
MR. KALYAN RAMAN – CHIEF CREDIT OFFICER
MR. MURLI MANOHAR - NATIONAL MANAGER FINANCIAL PLANNING AND ANALYSIS - UJJIVAN SMALL FINANCE BANK
MRS. SNEH THAKUR - HEAD OF CREDIT AND COLLECTIONS MICRO BANKING - UJJIVAN SMALL FINANCE BANK
MR. DEEPAK KHETAN - HEAD OF INVESTOR RELATIONS UJJIVAN SMALL FINANCE BANK
MR. MURLI MANOHAR - NATIONAL MANAGER FOR FINANCIAL PLANNING & ANALYSIS - UJJIVAN SMALL FINANCE BANK

Moderator: Ladies and gentlemen, good day and welcome to Ujjivan Small Finance Bank Q4 FY2020 earnings conference call hosted by IIFL Securities Limited. As a reminder all participants' 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 your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Abhishek Murarka from IIFL Securities Limited. Thank you and over to you Sir!

Abhishek Murarka: Thank you Janis. Good evening everyone and welcome to the 4Q FY2020 earnings conference call for Ujjivan Small Finance Bank. From the management side, we have the entire top management team represented by Mr. Nitin Chugh - Managing Director and CEO, Mrs. Upma Goel - Chief Financial Officer, Mr. Rajat Singh, Business Head – Micro Banking and Rural Banking, Mr. Kalyanraman – Chief Credit Officer, Mrs. Sneh Thakur, Head of Credit Micro Banking, Mr. Murli Manohar, National Manager Financial Planning and Analysis, and Mr. Deepak Khetan, Head of Investor Relation. I would hand over the call now to Mr. Nitin Chugh for the opening remarks and then we will subsequently open it for Q&A. Thank you and over to you Nitin!

Nitin Chugh: Thank you Abhishek. Good evening everybody for joining us on this call today. In these unusual unprecedented times let us start with thoughts and prayers for all the people who are fighting this out. On our part, we have been trying to play our role which I will talk about little later but let me first cover the headline numbers for you and then the rest of our perspective around this whole situation and the things we have done and, in the end, I would like to talk about how we see this situation unfolding and what it means for us and for Ujjivan.

We delivered a fairly good performance in Q4 sustained over the last three quarter. We continued with that momentum. Our AUM grew at 28%, our deposits grew by 46%, notably retail grew by 72%. CASA ratio has also improved to 14% from 11% last year. In all of this, we were able to also drain in a lot of our operating expenses so our cost to revenue for the Q4 has come down to 65% and I think we are well on track to deliver more efficient outcomes on that.

Our cost of funds has also come down to 7.9% for Q4 and as a result we were able to deliver a PAT of 73 Crores which is 15% up year-on-year over the last year. We have provided Rs 70 Crores as prudent provisions for COVID which we are calling as COVID provision. Now this is largely on account of the fact that and I will cover this in lot more detail as I go along but this is the likely impact that we expect in delayed prepayments which is of temporary disruption of economic activity of our customers and I will take you through the details in terms of how we have arrived at this, what was the work that has gone behind this.

Our yields have been stable at 20%. Our PAR has been in control. It has actually come down marginally to 276 Crores over December from 281 Crores and our GNPA and NPA remains strong at 1% and 0.2%. We also increased our provision coverage ratio to 80%, I believe that this is the highest amongst the private sector banks and now our total coverage is 1.6%. We have renewed our focus on our digital thrust, so lot of initiatives which I will talk about in detail but if you look at the investor presentation that we have circulated, there is a slide on all the digital transactions, almost all the important metrics whether mobile banking usage, UPI, bill payments etc., they have all more than doubled during this last one year. We have been able to also undergo a lot of improvements in our internal work flows by using digital and that has resulted in turnaround time that we deliver to our customers.

Now during this time, I see the situation started to unfold we actually had a very good quarter till about the middle of March, so it is reasonable to say that 11.5 month out of 12, we had absolutely no problem, you have seen that in the Q3 results also but we were disrupted obviously because of the lockdown. On our part, we had taken a few steps. We had formed a quick response team way ahead in first week of March itself and we had taken a lot of testing related measures on business continuity, we tried out with shifts, we tried out with all kinds of other security measures to make sure that our employees are safe, our branches are safe and we also tested working from home much before the lockdown was announced, so when the lockdown was announced actually a day before itself, on March 23, we suspended our field operation because we were getting feedback from the field that there were difficulties in moving around and lot of local authorities were restricting the movement of people but in all of this as we move to working from home because we had tested this out and we had given VPN access to lot of our staff to keep the bank up in running we were able to manage operating almost 98% of our branches, wherever the 2% we could not operate on a given day was because of some local restrictions or some order that the local authorities would pass not so much to do with or anything else to do with the system.

Our ATMs were fully functional, fully stocked. Our branches are working, our payment operations are working and at the same time we are also keeping a very strong vigil on cyber security. We trained our people during that time for cyber securities specially to people who are using the VPN access and we made sure that all of this was managed in a manner that the QRT was taking stock by the hour and we had daily briefings with our regional teams. During this time, when all of this is going on and when the lockdown was introduced, we moved to working completely from home and we realized that now response has to be more widespread. We cannot just focus on making the bank run because that we had already taken a lot of measures on.

We had started communicating with our customers around the March 10, we started a program for Janata Connect and that time the whole purpose was to make them aware of COVID, make them aware of them of the testing facility and in that time, we had also tied up with doctor on call service which we offer to our customers so that they can consult doctor if they wanted to consult for any symptoms. So, we were doing as this as social messaging and we had already got in touch with nearly 2.5 lakh to 3 lakh customers by the time the lockdown came about. So, we intensified that. We also formed a business continuity monitoring committee of the board of five of our board members and this committee of the board helped us oversee all the activities and help us with many approvals that we needed and we needed a lot of approvals during this time. So, during this time a combination of the activities that we did under the guidance of the board plus the QRT that we have set up in the bank, we were able to deal with the situation as it continued to unfold.

Now, the first priority for us while we did want to take a full stakeholder led approach to this whole crisis, we always have identified set of six stakeholders, our employees, our customers, our investors, our book, the society, the regulators, the industry and then you also have the local authorities, the government and the media. So, we said that we will come off with a plan keeping all the stakeholders in mind, we will involve all the stakeholders, we will collaborate with all the stakeholders but most importantly we will prioritize our employees and customers.

So, the first thing that we did just the day before the lockdown was announced was that we extended the COVID insurance cover for our employees. Now it is incidental that in that week itself we also got to know that we were the fifth best place to work in Asia amongst last corporate but it just helped us reassure ourselves that we really need to take care of our employees because they have always stood by us in times like these. So, we were continuously in touch with our employees through our various teams in the head office all working from home, we had lots of calls, we were finding out what is going on, we were helping them to take decisions but we also had powered our teams to take decisions from the ground.

The information flow had to be actioned obviously as and when it was coming from the employees, so we were able to out that to action because the QRT was continuously monitoring and executing essential actions on the ground. In the same time lot of our employees also volunteered on their own, we did not ask them to but they volunteered on their own, they went out and distributed dry rations, they helped with PPE kits and masks, and whatever else they could do locally. Thus, we also made sure that our local communities and the society is also retained and intact.

As far as customer is concerned we continued calling them, the discussions which were from social messaging on COVID moved towards talking about moratorium, so when the moratorium was announced by RBI we came prepared with the policy, took the board approvals and the next Monday morning we were ready with the moratorium policy which we introduced to our customers. So we said that we will give 100% moratorium to our micro banking customers but for all the other businesses, we reached out each one of those customers because repayments would be due only from April 5, so we had that time from March 29 – March 30 to April 5, so our team from the MSE business loan side, affordable housing, personal loans and vehicles finance, we got in touch with each and every single customer and at the same time our micro banking teams were getting in touch with the micro banking customers, branch banking teams were getting in touch with the deposit customers. So the micro banking customers were told about the moratorium, they were told that not to worry, we started to ask them about the difficulties that they were facing during this time, any disruption in their economic activity which was obviously anticipated but with the MSE and the housing customers, we actually asked them if they needed the moratorium, so some customers said they needed for a month, some said that they needed for two months, so we went up to almost the initial first cut was about 50%-55% and gradually it went up to 70%. Today we have offered moratorium to 70% of our customers.

We also started different activity and by that time I think we had already covered about most of our customer base. We conducted an extensive survey on a sample of about 90,000 to 100,000 customers to find out the real impact on their livelihood by occupation type by market as well as their income level, so we asked them very basic question and considered their responses basis which we went back and revisited our credit policy.

Now in this time during the lockdown what we also did was that we created very high powered focus groups cross functional groups of senior leadership, which were talking to all the regional employees and they were assigned very specific tasks like one team was given the task of making sure that sufficient liquidity is maintained. Another team was given the task of fast tracking all the digital initiatives and other team was given the task of making sure that they deposit accretion continues the way it is expected to be. And all this time we did not have any problems with the deposit accretion, it just continued the same way. So these teams actually helped us prepare for a lot that we wanted to do in the year by helping us prioritize and fast track some of those things, one of the teams for example was on cost rationalization, so this team went out and started renegotiating on the contracts and the rental agreements etc., we have been able to get some good success just in the last two to three weeks itself.

So, what I am trying to say is that we shifted gears in the middle of the lockdown, the first week of the lockdown itself towards the first week of April preparing ourselves for the post COVID world. We did not want to excessively continue focus on reacting because that we have done. We continued taking care of our employees, we had been in touch with our customers and we continued to doing that. Towards the end of April, we had actually finished connecting our entire customer base, so nearly 5 million customers had been contacted. We had spoken to them and by that time the whole discussion from social messaging on COVID to moratorium, to finding over their hardship and whether they needed any kind of top up loan or any emergency loan, gave us very good insights and keeping ourselves ready both from the tech side as well as on the credit policy side. One of the 7 teams was also required to work on the credit policy framework, the early warning systems and other signals have been needed to read this time, so we prepared those capabilities also. In nutshell you can say that we actually made very good use of this time to prepare ourselves for the future and I am personally very happy with the outcomes that we have got and our board is also very happy with the outcomes that we have got and all of these teams.

The other stake holders which we obviously had in mind was our society, we also made a donation to the Give India Foundation from our CSR budget to 45 lakh. We were periodically updating the regulators, we were also collaborating as an industry both in microfinance as well as the small finance banks and a good amount of information sharing and ideas around problem solving or just sharing perspective also happened and at the same time we were in touch with our investors and some of you might have joined us on those conference calls that we had and we also had a lot of one-on-one calls. We just made sure that we kept all stakeholders on board and everybody was continuously updated and we took inputs as much as possible from whoever we could so that we perform better.

Now in all of this, the readiness for us to be dealing with the present situation where the lockdown has started to get removed and for a future world where there is uncertainty but there is reasonable certainty about certain ways of doing business which is now getting clearly established. We believe that we are well prepared for that both from our product offering point of view, from a technology point of view, from digital work flows point of view, from partnerships point of view and from our internal work flows even on the credit and collection side.

Coming to those digital projects that we were able to fast track, I will just give you some examples to highlight this. We had created a product called the Loan on Phone for a repeat cycle microfinance customers and we had just about launched it in January-February and we were trying it on a very small scale with the hope that in the next year we will learn this business and we will try and scale this up. Now during lockdown, we actually did a very extensive UAT, we have fixed all the bugs that we have come across and now we are in a position to launch that to our entire base and you would agree with me that because we do almost 60%-65% of our business sometimes going up to 70% also of repeat loans in our micro finance business. The ability to do that business on a remote basis in an environment where we may or may not be able to meet our customers face to face that much, that is going to be very, very helpful for us. So, we were sure that we needed some ways of contactless business and that is what we were able to clearly bring out.

The second thing on the liability side we introduced our digital savings and fixed deposits. There were some issues with those product offerings, we fixed those tech issues and we re-launched them on a most customer selected basis and our branches started to open up accounts even remotely, so we getting in touch with our customers. At the same time our branches actually prioritized senior citizens when they called because firstly just wanted to check on their well being and if at all they wanted any help. So, some of the employees actually went out and delivered groceries and medicines also to customers because they needed help with that. They were senior citizens and they were on their own.

Things like these plus there was another initiative that we were working on which was to setup network of customer acceptance both for payments and for any other activities through a partner relationship, so we were able to fast track the whole digital integration with that partner and we were even able to pilot that with one location and today we are in a state of readiness to roll that out at scale. So now if you have to look at the microfinance business, let us say we cannot go into field in those centre meeting, let us say customers do not expect us to be meeting them in groups at least for some time. We have an alternate model ready which is going to be on the phone and overtime we will introduce this on ATMs and even on the mobile app and at the same time for repayments or otherwise we will have these points very close to the customers place of residence or otherwise which will be very useful for them. So, we will not have to depend on the field collections and these are things which will matter in future because we also believe that it is the good time to re-imagine the entire business altogether.

Coming on the tech side, we also made sure that our API platform with the gateway was ready during this time of the lockdown. We were able to also collaborate with lot of Fintechs on the conversations which were very premature, we moved those conversations ahead and we are in good state right now to be able to start lot of pilots. In fact we have done, quite a few pilots even during the lockdown and these are going to be useful for customer on boarding, these are going to be useful on the credit side, they are also going to be useful for us from digital repayments. That was one other thing that we prioritized and the survey that we did with customers just the fact that almost 25% of them are happy to take this on the phone for repeat loans. We also found that an equal number of customers or more are ready to also repay us digitally. In fact in April while everybody was on moratorium and even in May when everybody is on moratorium in microfinance, we did see a lot of customers come of them pay on their own and almost one-fourth of those customers paid us digitally which otherwise they would not have, so we also saw lot of first time digital customers which gives us a confident that there is acceptance and if we increase the overall reach of acceptance points as well as the ways in which customers can pay us digitally, today we have only PayTM and but Instamojo, but if we have more such arrangements which is what we worked on, our customers will not find it very difficult to adapt to these digital repayment methods.

We also continued working on some of these customers segment specific initiatives like the mobile app for a micro banking customers, the mobility solution for onboarding MSE and housing customers, so all of those UATs etc were completed while we were working from home or some of us were coming to office. In fact, in Bengaluru we started coming to office from April 13 itself. So the leadership started to come from April 13 and subsequently we also started to get about 33% of our work force in shift also coming to office, so we restored a lot of our operations both not just in Bengaluru but also in our regional offices and as of today based on the zone, green, red and orange, nearly 60% of our branches are operational for all businesses I mean for branch banking all the branches are operational, the 98% that I said earlier but for all other businesses also we have started field operations from May 4 in about 60% of our branches.

Now when we are doing these fields operations that we restored, we are finding customers who are paying us on their own, so just today for example, we have collected nearly 80 Crores form these customers who are paying on their own, so they never needed to moratorium which is what they told us also when we were talking to them, so our whole hypothesis is that by providing for this 70 Crores of COVID provision, we are only trying to provide for customers who have a temporary disruption, who have told us when we have spoken to them and since we have spoken to all out customers we have a very good idea that how many of customers are expecting disruption of a month, of two months, three months or customers which will go up to six months. So, our analysis is that not more than 4% of our customers will have any severe impact on their livelihood because this is not crisis where the livelihoods have been impacted, they only have been disrupted, it has gone away and I think we believe that this is like an extended national calamity that we have dealt with in the past and you would agree that we have good experience of having dealt with national calamities in the past.

I would also like to draw your attention to the fact that we remain as strong as ever. So, you are aware that we had a good IPO. We had a lot of capital, we did not need too much of deposits in the last quarter. As a result, we have also been able to bring down our cost of funds which we have systematically done and that are how our cost of funds has come to 7.9% in Q4. LCR has been 261% and also our liquidity even during this time has been absolutely we have been flushed with liquidity and in this time we were reaffirmed of our rating which they had given us A1+. We were also given the best microfinance bank in India award by Asia Money, so lot of good news was coming in even during this times when it seemed like nothing is happening, so we were very positive and we continue to remain positive.

We were working on strengthening our management team and a lot of lateral hires were in progress, we had made offers during Q3 and some of them in Q4, so I am happy to share with you that we had our new Head of Credit – Kalyan who joined us in September, our Head of Digital – Dheemant who joined us in February, our Head of Liability – Srinivas who joined us in April, our Head of MSE – Rajeev he has joined us just today, our Head of TPP – Pradeep, he has joined us in the first week of May, we also had our Head of Digital Marketing – Avinash, our head of Ops risk, so lot of strengthening of the leadership team has also happened in the last 45 days to 60 days and we continue to commit ourselves to the fact that we will strengthen our offerings to our customers and we will continue to built strength in our leadership team also.

In the whole customer survey that we did and this is the narrative that we had throughout and for all those of you who have attended these calls. First of all, the general tendency that microfinance is all bottom of the pyramid, is all hand to mouth is not true, so we have been emphasizing and now we are very clearly established that through this customer survey and we contact and all the information that we have had, so let me tackle two or three issues that we have usually come up in this time and otherwise also.

Most of our customers nearly 50% or more are engaged in some kind of essential services which is groceries or dairy or provisions all those kind of things. Most of our customers have a secondary source of income, most of our customers are in their own business, so they are not dependent on daily wages, in fact we do not deal with customers who are on daily wages. The question of migrant labor also came up during some of these investor discussions and our response to that is very simple. One is that we deal women borrowers. They are usually not the migrant. Our credit policy is such that we will lend to people who have been at the same residence for at least five years, so that rules out people who come and go, so we do not have those floating population customers in our portfolio and three we always look at a secondary source of income. So, from that point of view, our customers selection has been extremely good, very, very careful and I think that is holding us in good stead in the past and even now I do not think we have any risks on account of any demographic disparities in our portfolio.

We also have a strong network of rural branches, 144 of them and unlike some of the other entities who might have a BC network, these are our own proprietary branches and the rural economy is like all of you would agree and that has been the general understanding in the industry that the rural economy is going to come back much faster and some parts it has even not been impacted to that extent. For example, our rural customers are largely 91% of our customers are in some kind of allied agri or dairy business and when we have been speaking to them, they have been telling us that other than the fact that they cannot move around because of restrictions on movement they have not seen any slump in demand. It is just that they cannot supply but the demand has not changed, so they are first ones to come back on their feet and they are probably already on their feet. So, the rural set of branches for us and even the semi-urban branches which cater to lot of rural markets and that is the reason one-third of our portfolio is rural by customer location. We believe is going come back much faster and probably has already started to come back at least that is what we are experiencing in the last two weeks or restored field operations.

The Atmanirbhar package announced by the government, I think there are opportunities for us on the MSE side. We have examined that. There are opportunities even on the affordable housing side but because the detailed guidelines are yet to be issued, we are keeping ourselves in a state of preparedness to be able to take decisions as and when those guidelines are announced. We made use of some of these relaxations that were announced by RBI so when we had the chance to take some funds from SIDBI at a much lower cost we did that and that is how we have been able to bring down the cost of funds on incremental basis and we have been watchful of all such opportunities that have come along the way and this committee of the board that we had formed had helped us with all kinds of approvals during this time, because we were very quickly able to convene this committee or send it by circulation and take decisions like as and when we wanted to.

Lastly, I think a bit about how we think, how we are going from and where we are going from here and that is important to us because we will not waver from our charter of serving the unserved and underserved. We are committed to sitting ourselves to mark to market retail bank by using technology and digital. We will make sure that in a position to offer all kinds of relevant and multiple products for customers, I have given some examples of that. We also believe that the target market that we cater to has not stagnated.

As a bank we remain committed to our charter of serving the unserved and the underserved by use of technology and the other product offerings and careful credit selection. There is no deviation from that. If at all during this time we have only fast track things to be able to prepare ourselves in a much better manner. We are also optimistic about the recovery because like I said the customers that we deal with they cannot remain economically inactive for a long time, they are also not linked to the larger economy, they operate in local microeconomic ecosystems and to that extent their rebound is going to be far faster and far more resilient also.

There is going to be demand for credit because there is going to be increased business activities so we do not see a problem with that. Rural economy like I have said little while back we expect that to come back to the normal levels pretty soon considering everything else including expectations of a normal monsoon etc. In this time, we have really strengthened our commitment and our focus to serve the underserved and the unserved sections. Our employees, our leadership team we all will come together, we focus on through these cross functional teams as I spoke about to help us prepare and retool ourselves to run our businesses in a different manner, in a manner that we would adjust to the new circumstances because we do not know how these new circumstances will unfold but it is unlikely that we will go back to exactly the same situations as they were pre-COVID. We have been able to do that and like in the past Ujjivan going through several of these crisis which you are aware of we have always come out stronger and more committed even this time around we remain optimistic with some measured caution but we are hopeful of a gradual revival and a sustained route of the economy.

I will stop here and ask you to open this up to 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 Varun Mehta from ICICI Securities. Please go ahead. As there is no response from the current participant we will take to the next question from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal: Thank you for the opportunity. My question on the operating expenses outlook in FY2021 because of business slightly in a slower side, so how much we can save on the operating expenses side compared to FY2020 and overall operating expenses to every receipt ratio?

Nitin Chugh: I do not know how much will be able to save but I can only tell you that we are not leaving any single line and we are going line by line and these empowered teams have been created will be able to bring out a lot of efficiencies not just in the obvious ones like rentals and contracts but even in some minor things like credit bureaus for example or any other expenses that we would have on security, housekeeping, stationary, postage whatever else. The other large expense for us is the people cost, our head count has remained the same since December. In December we have reported about 17,800 at the moment for March is also around the same number and even in April it is around the same number. We do not believe that we need to add to the employee expenses, so all I can tell you Manish is that we are trying everything possible wherever we have the chance to reduce the expense and improve the efficiency either at a combination of negotiations or by using some digital techniques to improve the efficiency for example, cost of acquisition. We do see an opportunity to reduce the cost of acquisition for some businesses but to what extent I will not be able to tell you till we test that but all such things which matter anything that goes in a cost item is being looked at even things like any possible hypothetical revenue leakage.

Manish Ostwal: Second on this 70 Crores COVID provision how did you arrive that number it is ad hoc provision or any portfolio basis prudent judgment we have taken?

Nitin Chugh: I will have Sneh tell you in detail as to how we have come to that but you can from my point of view I can tell you it is a combination of what we see in our portfolio, what the RBI prescribed as well as some management opinion.

Sneh Thakur: Just to delve a little deeper on this, we have actually reviewed the bank's performance during the previous crises which are inclusive of natural calamities which we have faced across multiple states as we all as demonetization. What we could gather from this exercise I will share with you is that COVID is an event which is similar to natural calamities where the livelihood are severely impacted and that too in the short-term and the borrowers would be able to resume a certain level of normalcy within three to four months after event, so in comparison COVID has a variation where there is no damage to the business assets or the borrowers houses, so the challenges here are there is disruption in terms of supply chain and transportation issues and limited movement of people on the ground and this has reduced the income for our agri and allied activities as well as for other essential services and for rest of the small scale enterprises, it is dependent on the dynamic COVID zoning index as well as the lockdown being lifted and apart from this like Nitin Sir also mentioned in his initial speech from the survey what we can gather is that majority of the customers have stated their ability to bounce back within three months of the lockdown being lifted. So, considering all of this we have taken 70 Crores upfront which constitutes 2.5% of the portfolio and as we resume operations from June, we will be able to ascertain the need for additional provisions on a quarterly basis.

Manish Ostwal: Lastly can you confirm the one data point of the total loan book of 14,000 Crores, how much percentage of loan booking under moratorium or at aggregate basis? That is it.

Nitin Chugh: Because micro financing is bulk of an customers by numbers, you can safely say that 99% is on the moratorium but when the other businesses like I said MSE and housing if you break it up that way then 70% of those customers are under moratorium, micro banking 100% under moratorium, personal loan is about 60% and I think vehicles finance is similar to micro banking because the customers sets are more or less the same as micro banking.

Manish Ostwal: Okay and that is in terms of value, right?

Sneh Thakur: By value on an aggregate level is at 90%, by number of cases we have said 99%.

Manish Ostwal: Thank you very much.

Moderator: Thank you. We will take the next question from the line of Viraj Mehta from Equirus PMS. Please go ahead.

Viraj Mehta: My question was regarding the micro banking division, if we look at all the microfinance companies the provisions taken by all of them ranges between 1% to 2% and the early assessment of lot of the players also is in the region of at least 2% but our provision seems to be much lower than that?

Nitin Chugh: You will have to repeat the question, we just lost all together.

Viraj Mehta: If we look at the provisions done by a lot of microfinance players if the range is between 1% and 1.5% of the book which is much higher than the provisions we have taken, any specific reason that we have taken such lower provision?

Nitin Chugh: I do not think we have taken lower provisions. It is just that we know our book and based on the book and the past performance and the fact that we have very clearly established contact with our customers we know exactly what is happening on the ground. We know exactly what they are saying. We have taken informed decision rather than a decision which is by hypothesis. Provision in terms of how much we provide for it, it is every bank has got its own books, so everybody will take their own decision, so I do not think there is a need to compare and most importantly we have done this whole survey with customers to actually find out occupation level etc., and in any case our PCR is 80%, so I do not know in what context report mean that it is lower.

Viraj Mehta: Sure Sir, in terms of reaching the client have we been able to reach as you said all the clients as we know them 97%-98% of all our clients? Is everybody we are able to locate everyone?

Nitin Chugh: Yes of course. On the phone I mean we have not gone and visited, so we have spoken to 5 million customers, now 5 million out of 5.2 million is whatever the proportion. So that is why I said.

Viraj Mehta: Thanks a lot Sir.

Moderator: Thank you. We will take the next question from the line of Renish Patel from ICICI Securities. Please go ahead.

Renish Patel: Thanks a lot Nitin for a detailed presentation. Sir two questions, one is clarification that you said in your opening remarks is not more than 4% customer base is seeing any serious impact so this is at the company level or this is only a microfinance customers?

Nitin Chugh: This is microfinance and, on a sample, the sample size that I have told you about 90,000 customers.

Renish Patel: Would you be able to give us some colour in terms of data point of these five million customers who we have contacted in terms of let us say how much of proportion that would be under agri and allied activities what is that feedback on the recovery etc?

Nitin Chugh: I mentioned this earlier that customers who are in the business of any kind of essential services now that groceries and all of that is also an essential services or agri that is pushed, I can take you to the full occupation details if you want but that will be like an overload of that but the point that I was trying to make earlier that we do not have customers which constitute daily wage earners, we do not have anyone beyond a very small proportion so most of our customers are self-employed. They are rooted, they are not moving around and they are in various different occupations which are mostly self-employed and within self-employed they are in the businesses of essential services, groceries etc., or agri.

Renish Patel: Right. In terms of collection you have said that 25% of the customers have said that they are ready to pay, it maybe some of them has already paid, so can you please clarify those two data points, how much of them have actually paid and what proportion has an expressed an interest to pay?

Nitin Chugh: When we were doing our first ever calls rather than second set of calls on moratorium, about 20% to 22% of our customers said that they do not need to moratorium. There was no way of taking consent or otherwise so we have designed an opt out through all our microfinance customers which meant that we had given it all our customers but at the same time in the month of April we had a very small proportion but nonetheless some customers who actually made a trip to our branch because branches were open, they came and repaid and the number of customers who repaid us in April one-fourth of that paid us digitally. In the third set of calling which we did to also take the feedback on occupation level and whether they would be open to repeat loans on the phone and the whether their would be amenable to digital repayment that is where we got the feedback that 25% of customers are okay to deal with us on a repeat basis on the phone and an equal number is ready to also pay us digitally which means that today while it is very small proportion of customers who pay us digitally less than 2%, we have an opportunity to engage meaningfully and move those customers to digital repayment. To that extent there are two things we are doing, one is that we are talking to our customers and helping them migrate and two, we are increasing the overall width of digital payments that we offer today to our customers.

Renish Patel: Right. Just a follow up on that so you have said that we have implemented lot of digital payment initiative so apart from BC, what are the other models we are trying out on the digital payment side especially for the microfinance customers?

Nitin Chugh: See BC is not digital.

Renish Patel: I mean the arrangement.

Nitin Chugh: Touch point which is in close proximity to the customer's place of work or residence. On the digital side today, we have the QR Code, we also have UPI and we have two payment gateway of PayTM and Instamojo. We are working with one Fintech today and a we have already done a fairly advanced level of piloting with them where we would be able to give multiple payment gateway options to our customers that will hopefully increase the overall reach out the digital payments and then it is up to us, we will have to still do the hard work or helping customers to move to that. Just to stimulus a lot of hope that in the coming year we can on a focus basis prior to differentiated model of contactless lending through the phone and later to the app and the ATM and contactless repayment which gives us the chance to completely reimagine the business otherwise this field operations in the new circumstances we do not know whether it is going to be exactly the same as pre-COVID.

Renish Patel: Got it Sir. These are very valid points. Thank you so much Sir.

Moderator: Thank you. We take the next question from the line of Mamtesh Sugla from NewQuest Advisors. Please go ahead.

Mamtesh Sugla: Thank you for the opportunity. My first question is on the deposits, retail term deposits seems to have declined just marginally compared to December but the broader question is how are we witnessing deposit accretion across various segments like CDs, institutional deposits and retail deposits and was that driven by increased premature withdrawal as a percentage versus last quarter?

Nitin Chugh: This question has been coming quite honestly from the time the YES Bank moratorium happened but we did not see any premature withdrawals, we did not see any flight of deposits on the contrary we kept seeing the usual accretion of deposits in the same way, so we had no problems in our deposits accretion. The other point is to the slower growth in deposits in Q4 over Q3, I did say that in my opening remarks said because we had the IPO money also with us which we had to use for business purpose we did not need as much deposits also. So not that we went slow on deposit but we were okay to let go from which we could otherwise got at a higher rate and we had a chance to reduce the deposit rates in this time so that is how the cost of funds had been trending lower for us and we believe that if you have access to low cost funds through some of the other things that have come about in the last few weeks, we will be able to balance our deposit book in a manner that the cost of funds continues to come down but the focus on retail deposits continues the exactly the same way, our branches have been in touch with customers, we are acquiring the new customers also through the digital wing and as and when we open up on full scale we will be in a good position to do exactly what we have planned to do in the beginning of this year.

Mamtesh Sugla: Just a last question on that is, are the deposits stable as of up to March?

Nitin Chugh: Absolutely stable and in spite of we dropped our rates last month, our deposits inflow has been absolutely the same and stable in spite of that.

Mamtesh Sugla: Thank you.

Moderator: Thank you. We take the next question from the line of Anand Dama from Emkay Global. Please go ahead.

Anand Dama: Can you please provide the break-up of SA and CA deposits in this quarter?

Nitin Chugh: Yes, we can. Our total CASA was 1459 Crores and current is 229 Crores and savings is 1230 Crores.

Anand Dama: Can you please provide these details every quarter in the presentation?

Nitin Chugh: We can.

Anand Dama: Secondly, what will be the percentage of our deposits which will be to bulk or wholesale brackets?

Nitin Chugh: Proportion of retails deposits is 44%. The other kind of deposits are from our institutional clients who we deal with especially the cooperative banks etc., and some very small proportion about 3% to 4% of government deposits but the trajectory is to increase the share of retail deposits and we have said that in the past also that we would like, one is that all our advances should be funded with deposits and 80% of that should be funded with retail deposits so we are on track. That is the way that is concerned except for this temporary disruption.

Anand Dama: I am saying that the wholesale deposit of that you said that the cooperative bank share deposit share is relatively higher, so what is the share of the cooperative bank in the wholesale deposit?

Nitin Chugh: We can come back and share that information with you. We have a full analysis on that but I think one other point that usually keeps coming up is the concentration so that the top ten depositors I think has been coming down as a proportion over a period of time and as of March I think it is 37% of the FIG book and at a bank level it is probably a 17% to 18%.

Anand Dama: Sir, that the moratorium will get over by May 31, 2020 so any request from customers be it microfinance or non-microfinance customers in terms of moratorium extension and what is your view on the new SME scheme which was launched to the economic package?

Nitin Chugh: I mentioned that a little earlier that all the schemes that have been announced. They are very meaningful for us in MSE as well as housing. We have analyzed that in detail but we would want to wait for the detailed guidelines to be able to actually respond. Sorry, what was your first question?

Anand Dama: Sir, it is a microfinance, do you believe that there could be a moratorium extension that would come?

Nitin Chugh: See we do not say that there is a need to do that because the lockdown has gradually been lifted if you know and for the new rules of the lockdown 4.0, it is only restricted to the containment zones. We are hoping that there would be gradual reopening which is what we are seeing in the last two weeks of our field operations also in our customer conversations if that happens most customers are already going back to some levels of restored economic activities so in our view it maybe not be necessary at all.

Anand Dama: But Sir you may not be able to hold the centre meetings yet, right?

Nitin Chugh: That is the reason why I have said that there has to be new ways of interacting with customers on contactless basis, now centre meetings may not happen but even in the past when this whole situation had started to play out from February onwards we had to do door step collections.

Anand Dama: Sir, is it possible that we can do door-to-door collection for all the customers, is it possible?

Nitin Chugh: It is not possible that is why I was about to say that it does put some overload on us but we have to manifest full situation carefully or maybe smaller groups whichever way it works and we have to flexible enough to take those calls and that is what we have prepared our teams, in the regions in our branches to take those calls because we cannot be sitting here and telling them that do not go to a center meeting, go to a center meeting where there is only half the number of people, we would not be able to do sitting here so we have a set of guidelines, there are a set of do's and don'ts that we have prepared in the last week of April because we were expecting some restrictions to go off in the third version of the lockdown and that is how we have been able to resource field operation and 50% of our branches from May,4, 2020.

Anand Dama: In that case what is the ultimate loss that we believe will actually come through in the microfinance portfolio. We have made about 50 basis point provision on the entire portfolio but particularly into the microfinance can we expect it to 3% to 4% loss?

Nitin Chugh: I wish I had privilege to tell you that but I think we have to wait and see how the situation evolves from what we know right now and in our past experience and what like the way Sneh explained we have taken lot of prudent cover on the book. We are optimistic because we are been in touch with our customers in terms of revival and going back to normalcy.

We are hopeful of that. The only worry is that this both unchecked and stretched very rapidly across the country and we have a different issues staring at us but the bottom thing is to be prepared to take all kinds of actions which is what we have done and look at alternate ways of interacting with customers and running our businesses which is what we have done but very had to say how is it going to be and what is it going to be.

Anand Dama: Sir, I think you talked about the management changes which have happened in the bank other than you as well, can you give us briefly touch up on those changes where from the people have come and what is the strategy going forward and do you feel that there are some gaps still there in the bank where you need to fill the position?

Nitin Chugh: Like I have said we have strengthened. I do not want to go into details of where they have come from. It is part of the investor presentation deck, their entire profile of the leadership team but I think it is sufficient to tell you that we have strengthened by bringing in lateral hires. People who have the experience and the specialization in those lines of businesses but more than bringing in people just laterally because Ujjivan has always been able to attract lot of good talent and we continue to do that so we have been able to strengthen our team by bringing in roles where our strategic emphasis is, so it kind of reflects our strategic priorities also. I mean we have hired our Head of Digital Banking because digital is a strategic focus area for us. We have brought in Head of Liabilities because liabilities is the key focus area for us so that matters all the other things that we have done but importantly I think we have also made an attempt to flatten the organization and we have also empowered team and empowered the leadership team to work on a cross functional basis and on multiple other things so what finally matters is what they deliver and not so much where they come from I think we have made a very careful and a good selection of people and the profiles are available in the investor presentation.

Anand Dama: Thanks a lot Sir.

Moderator: Thank you. We take the next question from the line of Manu Sahani from CX Partners. Please go ahead.

Manu Sahani: Nitin thank you so much for a very descriptive account of your affairs. It is great that you guys have reached out to 5 million, just want to understand that given that you guys spoken to five million customers, would you guys have some sort of assessment of what sort of job disruptions has happened in that customer base. Of course we understand that they are dual income families, etc., but putting aside how many would have possibly got employment disruptions maybe short-term or long-term because that sense would have had from your field agents, would you be able to share a sense?

Nitin Chugh: We have that, but the more sharper set of questions were asked when we did this survey on a sample of 90,000 customers. Basically, the answers have come likely by occupations, by locations, by all kinds of other permutations and combinations so we have a very good idea of how many people have got impacted by what extent, that is what they are telling us so we have to take it on face value. So that is what has gone into revisiting and recalibrating our credit policy also.

Manu Sahani: Sure, so would you be able to share what sorts of disruptions have happened in number of employments in those five million customers?

Nitin Chugh: Like Sneh mentioned, only about 4% customers are saying that they might take three months to six months to recover. They have had let us say loss of job, not that they have savings but they have loss of income but most people have reported a reduction in the income and that is largely the 96%, the reduction in income to what extent it varies by occupation, by market size so it is a very detailed survey.

upma

Moderator: Thank you. The next question is from the line of Gaurav Jani from Centrum Broking. Please go ahead.

Gaurav Jani: Thank you for taking my question. Firstly, have I got this number correct, in terms of value the moratorium claimed is it 90% of the overall book?

Nitin Chugh: Yes.

Gaurav Jani: Okay. Just questions on the moratorium again have you offered it to the FIG Group being from smaller NBFCs?

Nitin Chugh: Yes, the 10 of the relationships out of the 18 who have asked us and yes we have this view of doing it on a case-to-case basis and we were able to get in them of that also but I must tell you that it is not like uniform kind of moratorium, some people ask for a month, some people ask for two months, some people ask only for the interest, it varies but in total this is about 10.

Gaurav Jani: Okay, which should be about 60% to 70% of the total FIG book?

Nitin Chugh: No, not even 40%.

Gaurav Jani: Okay got it. Sir also some clarity on the provisioning if may I ask you, so the 49 Crores or the 70 Crores as the case maybe so is it 10% of the required provisioning by the RBI or how should I look at it?

Nitin Chugh: Much more than that.

Sneh Thakur: It is much higher so what RBI has stated is that we will have to take minimum provisioning of 10% on all the standard overdue cases and in comparison, to that we have taken 38% as additional provision on this account and we have also increased the PCR from 65% to 80% during Q4.

Gaurav Jani: That is helpful and should I understand that 49 Crore would be the SMA-0, SMA-1, SMA-2 to put together?

Sneh Thakur: Yes, SMA-0, SMA-1, SMA-2.

Gaurav Jani: Okay. Also, a question on what percentage of the total book would fall in the green and orange zones as of now?

Nitin Chugh: I can tell you red zone is about 40%, whether you take by 40% to 44% depending on the business and by numbers or by portfolios size. 16% is green and balance is amber.

Gaurav Jani: Got it. That is helpful. Lastly if I just squeeze one, now obviously the situation is too fluid as of now but we I think as an exception we are not constraint for capital probably be the other NBFCs and MFIs are that is one, so my question was what will be your outlook on growth probably if not figuratively at least a correlative comment and because I think lot of our performance would be dependent on at least on the opex front would be dependent on growth so happy to have your thoughts?

Nitin Chugh: Probably only because it is very hard to provide any kind of guidance in the present circumstances, so we are not providing any guidance right now. What I can sense that we could have large space of customers, the large portion of our business is through repeat loans especially in microfinance. A large part of repeat loans will happen through the contactless way of doing business. We are optimistic. We are optimistic also because our customers are telling us that their disruption is temporary to their income and we are seeing people going back to their economic activities as and when the restrictions are getting lifted. So, in summary I can tell you that it will be a gradual build up but we do not know to what extent and in how much time. We are only hoping that the situation does not go any worse and what it is right now but displaying while any kind of range also forget any accurate estimate.

Gaurav Jani: Sure at least on the opex side if may I ask you just if I may squeeze, one is on the employee front I mean have sort of performed the study as to what percentage would be variable and what would be fixed and how much could we controlled that at least in FY2021?

Nitin Chugh: See, most of these variable pay never a large proportion of the overall compensation to employees but in the present circumstances the variable pay will have to get aligned to collections effort that much you will agree with me, right? So that the variable pays going to come back it is not like it is going to go away because you are not doing business or you are doing lesser business so there is going to be variable pay the only thing is that we believe that we will not have a need to bring in to more people unless those are very clearly identified specialist goals or relations where we do not have internal talent so that is the reason our headcount has more or less remained the same since December and even now till April for the last four months. We do expect that we will not have great need to bring in more people and we will be able to bring in more efficiencies through use of technology with most of it have got tested during this lockdown, we will be implementing this very soon, as soon we are opening up and through some of these other things that our customers have told us in the new ways of contactless lending.

Gaurav Jani: Any plans to add branches in FY2021 please?

Nitin Chugh: Yes, we had a branch expansion plan which we had prepared in the month of January and February and we have prepared a branch expansion plan. We had also represented to RBI as all the SFBs together that the regulation on and then it will be the same for new SFBs as well as the old SFBs so they had made a mention of that in the guidelines for licensing on tap so RBI has clarified in the last week of March, after the lockdown saying that we can also open our branches without having to take branch expansion approval from RBI. So, we have our plan ready. We have put them on hold for now. We have to revisit them only end of June or maybe mid of Q2 and then decide whether we are okay with what we have because most of our branches are also not so old, the 575 branches that we have they are all within three years so we still have lot to do with our existing branches also.

Gaurav Jani: So, the decision would be probably in the June end on the branch addition?

Nitin Chugh: Some part of the decision has been taken in terms of the location, the ground research, the viabilities, the business case, law and order whatever else that we need to because that is the time actually quite a lot, takes three months to four months to decide on a location and then chose between different locations so all that has been done and we are sitting ready with the locations where we would like to open branches, the decision to open the branch or not or all these branches we will try and leave it with that decision towards the end of this quarter or latest by middle of next quarter.

Gaurav Jani: Thank you so much. That is helpful. I am done.

Moderator: Thank you. We take the next question from the line of Arya Sangoi from VC Capital**.** Please go ahead.

Arya Sangoi: Thank you for taking my question. Sir, I had just one question, it will be a slightly modified version of an already asked question. So I wanted to know that you all said that already customers that you have surveyed we are seeing that within three months they will be able to pay and you are all pretty confident on the book so, I just wanted to like can you share some details on the type of figuratively of how do we qualitatively the type of collection you expect in June and how much percentage of since we have a large proportion of people at self-employed so how much percentage of the book people might need top-up loans who come out of this crisis if any?

Nitin Chugh: When we spoke to our customers during this whole lockdown period, we did clearly establish that there is going to be need for top-up loans or any kind of emergency loans after they come back so that is kept ready to offer these to our customers. Now as far as collections are concerned we are seeing a very healthy repayments given under present month even though everybody has been offered the moratoriums which gives us the hope that this will only improve in the month of June but hard to say that to what extent and what proportion we only know at the moment based on our conversation with customers that only 4% have said that they can be likely impacted, they have not said that they are definitely impacted and they will not be available pay us they have not said that. There is another way that we looked at it so we have opened accounts to all our customers as you know all our micro banking customers and we were encouraging them to use these accounts for emergency cash and deposits, the emergency cash that they normally keep at home and dip into that whenever they require. So, we were hoping that people will actually start withdrawing money from these accounts, we have not seen that happen to any great extent which would seem like that people are dipping into their savings also. So that makes us believe that it is a temporary disruption, it is not like that people are hand to mouth and they are really waiting for either credit or for some going into their savings so we are hopeful that collections will get restored but we still have to wait and watch till we are completely back on the field.

Arya Sangoi: Just a follow up on that question, so do you expect like if the situations worsen, do you expect this moratorium thing is affecting the credit culture of people and some kind of restructuring of loans would be required going forward?

Nitin Chugh: Credit culture is not affected by moratoriums or any such repayment holiday we have done that in the times of natural calamity. We have not seen any adverse change in behavior. This happens when there is willful default and willful default is something that you can estimate some partly at the time of underwriting and partly during your regular interactions with customers. So, we do not have the reasons to believe that the credit culture gets spoiled because you will agree that there is going to be demand for credit and the demand for credit in micro banking or even in MSE and housing has not really come down. I must also add that on the portfolio especially on housing and MSE we have LTVs of around 40%, blended both these portfolios so we already have coverage of more than twice in terms of collateral even in these portfolios so we have an opportunity to even give top-up loans to customers who are credit worthy and good and our focus is very clearly going to be on our existing customers we are not going to go after new customers at least for short-terms in the next two quarters perhaps and because we have established behavior, we know the customers, they know us well enough and now we have the ways and means of doing these things on a contactless basis we do not see that too much of a problem and because that customers also would like to deal with us which is what they have been telling us and they have always told us this. We do not see problems even in terms of change in the credit behavior or any behavior which is on the lines of any willful default. It is obviously understandable.

Arya Sangoi: Sir, just lastly one bookkeeping question, so the 50 Crore provision that you said on SMA-0, SMA-1 and SMA-2 is that 30% that you have mentioned?

Sneh Thakur: 38%, additional is 38%.

Arya Sangoi: All right. Thank you and all the best for the future.

Moderator: Thank you. We take the next question from the line of Rashmi Rekha from Deloitte. Please go ahead.

Rashmi Rekha: Can you please throw some light on the ECL methodology which we have adopted in quantifying, how have we quantified the PD and the LGD?

Nitin Chugh: We can share that offline review but I would imagine is more internal to us but we can check that and perhaps come back to you on that front.

Upma Goel: As a bank we are supposed to follow the I-GAAP and all our provisioning is as per the I-GAAP provisions. On the ECL methodology we are doing it more from the point of consolidation for our holding company. We will explain offline the entire methodology but we are following for this year.

Rashmi Rekha: Okay. Thank you.

Moderator: Thank you. We take the next question from the line of M B Mahesh from Kotak Securities. Please go ahead.

M B Mahesh: Thank you for the presentation. I had just two questions from my side. On the fee income line, this year the PSL income has always been on the lower side as compared to the what few other small finance banks, can you just throw as to what is driving these lower fees because the portfolio is defined under the PSL portfolio?

Upma Goel: Basically, PSLC income depends on as you know we are supposed to maintain 75% of our ANBC portfolio as a PSL portfolio. At this time, we will encash it by way of bill downs and in line with our PSL policy. So, we are not in a position to comment about other banks depending on their policy.

M B Mahesh: You moved all the way down to 75% in your portfolio or do you exhaust the entire limits available?

Upma Goel: We generally keep the buffer because with 75% which we maintained throughout the year we maintain the buffer and then we will decide on selling down on the PSLC portfolio.

Nitin Chugh: Normally we would that in the first quarter of the year but right now the leads are not so attractive, so we have taken the call to revisit that.

M B Mahesh: Perfect and one last question, this drop in corporate deposits as you have reported from 14% to 9% and 17% from the quarter earlier, how should one be read in this?

Upma Goel: What we have already highlighted as the we have done the capital raise in the month December end we were having the sufficient liquidity, so the corporate deposits which they are actually getting matured I mean it is a normal maturity process which has happened.

M B Mahesh: Just wanted to check that. Thanks a lot.

Moderator: Thank you. We take the next question from the line of Rishabh Shah from R S Capitals. Please go ahead.

Rishabh Shah: Just wanted to clarify, you mentioned that you have done a survey of 90,000 customers so as on date of survey if you could specify how much of this customers as a percentage were in the red zone?

Sneh Thakur: It is close to 50% who are in the red zone.

Rishabh Shah: Just a strategy question, just want to understand since you will be focusing more on the existing customers, so what will be your strategy and how was your balance say maintained the customer trust versus getting your money back?

Nitin Chugh: That balance I think we always maintain, it is not anything exceptional this time, now you would agree that as and when things open up and the moratorium goes away there is going to be focus on repayment and on extending credit to good customers and overtime these things will get evened out and balance out but we will have to reprioritize, repayments and collections in the next two months or three months as the moratorium goes away and the customers would be ready to repay us at that point in time but this business even today we are doing, it is not like we are not doing any disbursals right now, so when we are going into field and there are customers who are eligible and we are willing to give them additional loan we are doing that even today, it is not like that we have said that no loans, give us the money back so the protection of customers on the existing portfolio gives us a lot of confidence that we know who we are dealing with and these customers are well known to us.

Rishabh Shah: Thank you. That is helpful.

Moderator: Thank you. We take the next question from the line of Sonia Lalwani from Purnartha Investments. Please go ahead.

Sonia Lalwani: I have three questions, first if you can just throw some light on the miscellaneous income that has been reported on slide 37, why that increased just wanted to know that?

Upma Goel: Miscellaneous income basically comprises of you get your income from your banking operations so you have your cards and get your AMC income, you have your NFS income so this is basic depending on erstwhile quality that we had been highlighting an increase in the digital transactions so it is more of with the increase in transactions that gets reflected in the increase in the miscellaneous income.

Nitin Chugh: Quarter-on-quarter it is a 2 Crores jump, I mean year-on-year it is a large one but, on a quarter, -on-quarter basis 2 Crores is what it would be.

Sonia Lalwani: Is it possible to just divide the opex into fixed and variables, how much of that would be fixed, how much that would be variable? Is it possible?

Nitin Chugh: Not possible on the investor presentation but we could probably let you know.

Sonia Lalwani: Okay. One more question, PAR number is down I mean from 281 to 276 plus there are write offs of 19.2 Crores, so is it possible to throw some light over here, I mean what are the additional slippages?

Sneh Thakur: During the quarter the additions on the NPA side has been 37 Crores and deductions has been 11 Crores and write offs is 19 Crores. So that is why the NPA number is at 137 Crores.

As far as the PAR number is concerned it is both on account of better recoveries in the first 75 days, it could have been even better if we have time till March 31 also, because we have provided moratorium to all our SMA customers in March.

Sonia Lalwani: I just want to squeeze one more question, so could you just throw some light if the COVID would have not been there, so what would have been the disbursements, what would have been the growth in there?

Nitin Chugh: Sorry I did not understand that.

Sonia Lalwani: Sir, if the lockdown would have not been there, so what would have been the impact on our disbursements in the positive side impact, how much would have that grown?

Nitin Chugh: That is the hypothetical scenario now, but we had prepared our plan for the year and we did create some scenarios no doubt about that. I do not know whether we want to share that right now but every things have changed so rapidly that it is very hard to even revisit some of those things so we will I think what I am trying to draw everyone's attentions toward the fact that we had prepared ourselves to be able to take action now and in future and run our business and grow our business or whichever way in a differentiated manner. How things will unfold I think we will have to keep revisiting and updating all of you.

Sonia Lalwani: Fair enough. Thank you so much. I will take the other questions offline. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to handover the conference back to Mr. Abhishek Murarka from II&FL Securities for his closing comments. Over to you Sir!

Abhishek Murarka: Thanks Janet. A big thank you to the management for allowing us to host the call and thanks for the detailed presentation and thanks to all the participants for attending. Thanks, and have a good evening.

Moderator: Thank you very much. On behalf of IIFL Securities Limited, we conclude today's conference. Thank you all for joining and you may now disconnect your line.