June 05, 2017

To,

The Manager,	**The Manager**	**The Manager,**
National Stock Exchange of India Ltd.	**BSE Limited**	**The Calcutta Stock Exchange Ltd**
Exchange Plaza, C-1, Block G,	Phiroze Jeejeebhoy Towers,	**7, Lyons Range**
Bandra Kurla Complex,	Dalal Street,	**Kolkata 700001**
Bandra East,	Mumbai – 400023	
Mumbai-400051		
Scrip Code: SATIN	Scrip Code: 539404	Scrip Code: 30024

Dear Sir/Madam,

Sub: Update on Conference Call held on May 29, 2017;

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and in furtherance to our letter dated May 26, 2017 with respect to Conference Call held on May 29, 2017, we hereby wish to submit the transcript of such conference call with this letter as an **Annexure-1.**

We request you make this updates public by disclosing the same at your website.

Thanking You,

Yours Sincerely,
For **Satin Creditcare Network Limited**

For SATIN CREDITCARE NETWORK LIMITED
CHOUDHARY RUNVEER KRISHANAN
COMPANY SECRETARY & COMPLIANCE OFFICER
CS MEMBERSHIP NO. F7437

(Choudhary Runveer Krishanan)
Company Secretary & Compliance Officer

Encl: a/a

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"Satin Creditcare Network Limited Q4 FY17 Results Conference Call"

May 29, 2017

ANALYST: **MR. AALOK SHAH – CENTRUM BROKING LIMITED**

MANAGEMENT: **MR. H. P. SINGH – CHAIRMAN CUM MANAGING DIRECTOR**
MR. JUGAL KATARIA – CHIEF FINANCIAL OFFICER
MR. DEV TIWARI – CHIEF OPERATING OFFICER
MS. MANSI VERMA – CAPITAL MARKETS

Moderator: Ladies and gentlemen, good day and welcome to the Satin Creditcare Network Limited Q4FY17 results conference call and also to get a sense on company's future outlook, hosted by Centrum Broking Limited. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aalok Shah. Thank you and over to you Sir!

Aalok Shah: Thanks Aman. Good morning all. On behalf of Centrum Broking, we welcome you to discuss on Satin's Q4FY17 results and the future outlook. From the management's end we have their MD, Mr. H.P. Singh, the CFO, Mr. Jugal Kataria, we also have their operations head, Mr. Dev Verma and we also have Ms. Mansi Verma, the one who looks after Capital Markets. Without taking much of your time, I hand over the call to H.P. Singh Sir to kind of give us the initial comments post which we can open the floor for Q&A session. Over to you Sir!

H.P. Singh: Thank you. Good morning everyone. This is H.P. Singh. Results for the quarter, which probably I think a lot of us had in mind that there will be some pickup in this quarter, so definitely yes. I just take you through the things, which are happened in the last quarter as such starting for our company. Starting with our major equity investment been done by Asian Development Bank, which validates probably even what has happened after the demonetisation that an equity investor with the branding of ADB investing into Satin Creditcare Network Limited. They have taken close to about 3.95% stake in the company and we will look forward to more valuable addition from ADB in terms of opening up more credit line for us and as a value added investor of taking our way through in businesses going ahead. After ADB, I think which everybody would probably like to hear was how did we fair well in terms of our collection efficiencies being there and more on the way that we were probably the only company, which had a few states, which we are going to elections and post sometime in February and March, so we had an extreme event of demonetisation happening and after that probably take away of an election also being there in UP, in Uttarakhand and in Punjab. UP constituting one of our major territories as such. So for us our navigation was not only demonetisation, but our navigation was also probably the elections, which were due in UP, Uttarakhand and Punjab.

If I take you though our life how it actually went through post November 8, 2016. The collection trend, which was dismally very low at least starting of the demonetisation and if I give you probably the percentages of what UP, MP and Punjab had fared on from November 10, 2016 to November 30, 2016. UP collection efficiency was 35%, Madhya Pradesh efficiency was 72%, and Punjab was 64%. This was majorly due to cash shortage, cash not being there, it is also due to a fact that yes there was a very huge significant amount of local political interference may be because of the fact that these states were actually going to polls during February and March. There was RBI dispensation, which was misinterpreted by a large section of the population, which also led to for us to be a challenge to navigate through the collection efficiency during that time. Elections being there and to top it all I think we had also the farm loan waiver, which was probably announced in the election manifesto and which came across in March, April in UP.

But having said that I think we and our team probably put in whatever they had in terms of their life to navigate this problem. We had gone across from UP, which I told you about 35% collection efficiencies in November post demonetisation. It increased in December to 51% I am talking just UP, it increased to 75% in January when cash started coming down to the banks as such. In February, we increased it to about 81%, March was about 90% and if I talk about the last few days our collection efficiencies in just UP is touching close to about 98% to 99%. So that is what we have navigated across, which was talked about by people that from a dismal low of 35% our collection efficiencies now in UP are touching close to about 98% to 99%.

If I talk about Punjab, which was also going to polls, Punjab was 64% in November, came up to 76% in December, came up to 78% in January, 85% in February, March 83%, April 93%. Here again we are touching close to about 97% to 98% now in our collection efficiencies post the last couple of weeks where we are looking at this. The only sore point for us, which constitutes about 2.5% to 3.0% of our portfolio is Maharashtra. We are present in the Amravati region where our collection efficiencies though started at about 48% in November, came down to about 19% in December, came up to about 22% in January, in February about 24%. We are touching now close to about 50% collection efficiency even in Amravati, but if we compare it to our major states of Uttar Pradesh, MP and Punjab, the percentage is still very less, but we are putting in all our efforts, our teams are camping over there, we are motivating our clients to come back into the system, we are telling them about their credit scores in the credit bureaus that if they do not pay how it is going to impact their next further loans if it never has to come across. So we are taking all the steps over there. Just to put in a very small word on to it how the teams are navigated, this would not have been impossible without the teams being completely motivated and navigating one of the most difficult territories of the demonetisation effect which has happened. I think probably if you look at it UP was the most impacted, but we have navigated that to a very large extent.

Our overall collection efficiency now probably is reaching close to about 96% to 97% all across. The only dampener, which I just mentioned was that we have a slight dampener in Amravati, which is there in Maharashtra, but we definitely hope that we will be able to navigate that also to a certain extent. If I talk about the lags, which have been shown, it is there in the presentation over there, our lag for November, is now we have covered 95% of it. Now if you look at the lag also I think from where it started it was 65% in November came up to about 81%, 88%, 91%, 93%, 94% and now 95%. We still have sometime where we would be able to navigate that also. So for us the most important fact is that what we are looking at the November lag, which is going to be the most important aspect of us letting it where we actually end up in finishing up our portfolio losses across over there. It seems very heartening with UP, Punjab and Uttarakhand that all these things coming into fore and the farmer loan waiver and everything we have taken that it into our stride. So now it is only a way of forward where we will be able to achieve some more improvement in these lags. My own sense is that since we have covered this distance over there, we will be able to cover it in the period of our time.

A very important factor, which probably we have also given in our presentation is if we look at the graph of zero collection clients, we had close to about 800,000 out of the 2.4 million clients we had, which were zero collection clients, which people had not paid the November installments and then it moved on to about 4.81 lakh to 2.7 lakhs and if you look at the distance, which we covered from 7.79 lakh customers in November 16, 2016, we have brought them down to 1.19 lakh by May 15, 2017. We still have time where we motivating our clients to come back into the system and we are getting fairly being successful in all the regions across where we feel that we will still be able to improve on these numbers and I very solidly say that because we have that sense now which is coming in that after all this has happened and six months have gone people want to come back to the fold. They are getting motivated whatever interferences and whatever people were able to look at loan waivers and all that stuff I think that probably has died down. They now understand that there is no loan waivers happening, which probably will not be escape the thing and they want to come back into the system where they would like to avail and be there for the credit bureau checks and avail of organized financial services from an organized financial institution as such. So we are very confident that we will be able to also bring down these numbers as we go down by. And it has been probably an 85% reduction since the time in terms of zero collection clients from 7.79 to about 1.19 lakh as per going to the last reports, which are there. If we look at another fact that is zero collection centres, we had in November close to about 22,846 out of 140,000 centres, which we had in total. This has reduced by about 91% from November to May 15, 2017 where our last reports are available, this has come down to 1990, which is fairly been navigated to a very large extent and going forward I think we will be able to achieve and get these numbers far more down from where we are. So in terms of our collections I think I have given you're a broad benchmark. I would not talk of Bihar and all these states where there has been 100% collection, we did not have to do anything, which was there ahead, so if you look at it I think Bihar and couple of other states will probably have 100%, Rajasthan we have a very small pocket, which has been impacted, but otherwise rest of the all places in Rajasthan have 100% collection coming in. So if you really look at it I think this is where we stand in terms of our collection efficiencies as well as our way forward.

The other thing is that we have also been able to positively raise close to about Rs.1,348 Crores, worth of funding from institutions across. We have been able to get another Rs.100 Crores to Rs.150 Crores in April and May, which shows where we are actually heading on that, there is due comfort with lenders and we will probably be able to achieve our growth, which we have given in our guidance, which is about Rs.5,500 Crores. Having said that one of the most important points, which we are actually bringing on to the table is that we are transforming our technology completely now by bringing in a new software developed inhouse by us, which is going live now. It has gone live in about 180 branches out of 600 branches, which are there. By September, we will completely be live in all the branches where the software is being included, and the software will bring in a large amount of operational efficiency where opex will definitely probably be going down, which could also give us probably a reserve where if we have to do an increased provisioning in our books going forward whatever we gain through our operational efficiency through technology we will probably be putting it across, so it does not effect our balance sheet to a large extent, so that is what we are looking forward. And 27 of our branches have gone live with cashless disbursements and we hope by March 2018 we will be able to cover at least about 60% - 70% of our branches through cashless disbursement and after that probably each and every branch of us will do cashless disbursement. I will probably end the whole this thing by looking at that we are also looking at strategic initiatives, strategic business investments or initiatives across. We are looking at different ways of how to actually diversify, how to look at our growth in this phase and in the phase going forward. So we are looking at very significant initiatives, which probably will be there and we would let you know whenever something like this happens, but we are looking at it at a very, very strong level and we are really looking at it how do we take it forward and that's from me right now. I think I will ask Mr. Jugal, our CFO, to give you a very small intro on the provisioning what we done across in our balance sheet.

Jugal Kataria: Thank you Sir! Good morning everyone. After a challenging Q3 and in the month of January, the business has started stabilizing from February onward and both on the disbursement and collection side. Considering everything in view I would like to explain slide number 25 in our presentation. So we have done two major things in our financials this year. We had reversed interest on all the portfolio, which was overdue for more than 90 days, which has an overall impact of almost Rs.30 Crores on our financials for the quarter and year. So that was one major hit that we have taken during the quarter. The other thing that we have done is because of the current status of the portfolio quality, while earlier we used to make 1% provision as per RBI guidelines only on the on-book portfolio, on the securitized portfolio because the historical losses were very, very minimal, so we never used to make any provision on that. So we have changed that provisioning policy to have much aggressive provisioning and we have made instead of 1.75% provisioning on the entire portfolio including the securitized portfolio. This change in provisioning policy has resulted in additional debit of Rs.26 Crores on our profit and loss account for the quarter and for the year. So overall Rs.56 Crores of impact on the profitability, which was an abnormal item that we have taken in the financials. Barring this, we have given detailed numbers in our presentation, so I am not repeating that in the interest of time. May be we can start Q&A.

H.P. Singh: We can do the Q&A right now.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Manish Ostwal from Nirmal Bang Securities. Please go ahead.

Manish Ostwal: Thank you for the opportunity. My question on the provisioning side you rightly indicated in the presentation itself that Rs.56 Crores of impact of additional provision or interest reversal total on the profitability. So how do you see the credit cost given the collection trends in the UP and other states and disbursement, now disbursement is also reasonably good in this quarter, so how do you see the overall provisioning level in FY18 from the current FY17 level?

H.P. Singh: I think we probably have to look at two aspects out of it. As I had mentioned in my opening remarks, what is important for us to look at is that we have been able to navigate this distance from 8 lakh client to, if I just talk about zero collection client, people who have not paid since demonetization, from 8 lakh clients to about 1,90,000 clients. I think that probably is an indication of how and where we are going to there on moving ahead. If I give you answer on to it that from April to May 15, 2017, which is probably about a month or so we have been able to reduce about 30,000 clients out of it. Now those 30,000 clients, which had not paid a single installment, have come back into the system. Now moving ahead I think we will probably be able to achieve this distance also going ahead and in terms of our collection efficiency in UP and everywhere, which is now touching close to about 95, 96 or 98, 99 in terms of this thing over there. My own sense is I think it will probably be sometime before we will be able to get all of them back technically means that all of them there could be 1% or 2% who probably will not still be able to or will not like to come back into the system and not pay their installment and still would like to default on this thing. I think I am not talking about that, but the indication and the trending, which is going ahead is very, very, very positive and if you really look at it. My guess is numbers probably will not be the right thing, which we have heard it right now, but what you have to look at it is that there could possibly be some losses, which could arise in June quarter, but then it will be a reversal as the clients are coming back into the system. So I think what you probably have to look at is not probably the June quarter, but I think the September quarter is when everything will be very sure of how much we are losing technically going ahead because there could be write off in June quarter, but then it will probably a write back in the September quarter, so now we are looking at that from all the indications and the trends, which are coming in and the numbers, which are coming in across our states as well as the overall states.

Manish Ostwal: Secondly we have done some revamping of IT system in our company, so can you give some indication of what is the impact of the overall opex number this year because of that and secondly how do you see the opex growth also in FY18, FY19?

H.P. Singh: If you really look at it what we are actually contemplating and these are internal numbers I will probably give you a benchmark just a slight benchmark. We are talking about disbursement happening in three minutes that is exactly what we are talking about that is the cashless disbursement through our technology, which is going to be there. Our tables as well as this thing over there is live data, which is now moving across the moment anybody clicks that centre is mapped according to our this thing, over there we can see, which is being clicked where the installment has been taken, so all that is going completely live across over there. Our own sense is that we probably be able to bring down our operating costs at least by about 1.5% to 1.75% points down from where we are right now. So that is the benchmark, which we are working upon and that is I would say probably take at least about six to eight months before we bring that complete once all these branches go live with that, but our sense is that close to about 1.5% to 1.75% point will be able to bring down on our opex, which is a very, very significant number in terms of how do we look at it and for us we have given us and we are talking of not 90%, but we are talking of about 99.9% surety that we will be able to do this going ahead, but you would like to give us some time onto this before it finally gets across in every branch and every region over there, so may be a six months time or seven months time max.

Manish Ostwal: What is the current marginal cost of fund?

Jugal Kataria: Marginal cost of fund is around 12.25% to 12.50% I am not including sub-debt wherever we are raising, but the senior secured has been in this range.

Manish Ostwal: And lastly you did comment about the strategic initiatives, so what are the areas where we are talking on strategic initiative we are taking because whether tie up with some bank or something of what kind of the area of strategic initiatives we are talking about. Could you highlight on that?

H.P. Singh: Right now we cannot give you any further details, but just keep your fingers crossed as there will be something good, which would probably happen, I will just leave you with that whatever we are looking at I think it will probably be something, which would be nice and good enough.

Manish Ostwal: Thank you very much and all the best.

Moderator: Thank you. We have the next question from the line of Abhishek Murarka from India Infoline. Please go ahead.

Abhishek Murarka: Good morning. You just said that you are seeing very positive trends or at least expecting very positive trends across states and you also mentioned that in UP you are seeing collection efficiency moving up to 97, 98 or something, but if I look at your slides, slide 19 or slide 20, those slides do not really give that picture and the second thing I had in sort of questions, when I look at if you can go to slide 19, when I look at November collection two months or three months later it had moved up to 91%, but similarly if you look at January collection two months or three months it has moved up only to 83% or 79%, similarly March is at 76%, so basically what I am trying to drive at is the collection efficiency seems to have deteriorated on a month-on-month at the starting point itself and also two months or three months down the road. So why is there this difference in what you are saying or expecting versus what is coming up in the number?

H.P. Singh: There is no difference I think you are looking at it in the probably a wrong fashion. November lag means, 95% of my collection is already done for a November installment. So now probably January, February, March where anybody who has not paid, whenever he comes in his amount will be adjusted to the November lag. And you have to understand one possible this thing, this is not somewhere where if somebody has got four installment overdue they probably pay all the four installments across over there. So he pays one installment they will go into the lag, which is there for November, so it is first in and first out method. Having touched 95% and that is what I had mentioned that in the last couple of weeks including overdues our efficiencies in UP and everywhere is touching 98% to 99% that is the only reason why you will have a lag, which is close to 95%, so if you look at even just there is a slide of UP, if you just look at the collection efficiency over there in UP that is also about 94% right now in May 15, 2017 basically. So whatever is coming in basically for people who have not paid over there from 50% in November the starting point to reach 94% means that our collection efficiency is closer to 97%, 98%, this is I am talking for the last two weeks. So the lag will definitely improve, so if you look at it 92% to 94% being improved across in just 15 days means that the collection efficiencies are touching 96%, 97% in UP. That is what I have said and that is very clear indicator from a 92%, the November lag moving from 92% on April 30, 2017 to May 15, 2017 to 94% is clearly demonstrated of the fact that we have got an increase of 2%, which means that we have done more than 100% collection that is the reason why 2% has increased.

Abhishek Murarka: So basically incremental collection efficiencies something like 96%, 97% therefore the improvement in the stock?

H.P. Singh: Exactly and that is a very, very strong sign, if you look at UP just those two figures will give you an indication that within 15 days we have been able to increase our November lag from 92% to 94% that is more important for us and for everyone to probably look at it from that angle.

Abhishek Murarka: The other thing that I was pointing out is that let us say if I take the November thing for UP in January it was 82, so two months on you had collected about 82%. Similarly if I look at the December thing or let leave December aside, but let say February so from 36 two months on it move to 68. 68 is much lesser than the 82. Is it because whatever you collect goes into the earlier?

H.P. Singh: Definitely it will go the first bucket first then it will go to the second bucket basically. So there will be some time lag before it finally reaches the thing, so the moment my November lag, let us assume my November lag reaches 96%, all these will increase by another 4% each.

Abhishek Murarka: Thanks I think that is what I have. So secondly, sorry what are your plans regarding capital, any plans to raise capital or increase capital?

H.P. Singh: Yes, we are looking at it from the angle that we feel that where we are right now it would make some sense for us to look at if we are able to increase some of our capital going forward. We will see and test the market how it looks like. But we feel that we can probably look at it in terms of our growth possibility, which is there. Internally we have the target to the world we have given a Rs.5500 Crores, but the demand stands very robust right now also across wherever we are operating and the collection efficiency is having come back to normalcy as such I feel there is a very, very significant move to our growth. Just to add a couple of more points on to it, which will probably give you some more idea about it. Our own sense is that since we have been able to navigate UP, which nobody else would have navigated that better than us, leaves open more doors for us to look at all these couple of states where I think there will be less significant activity on the microfinance side and we still feel that we will still be able to do much more in these states going ahead. So for us room for growth now stands on a very significant framework of ours and Uttar Pradesh, was 41% of our total thing, which was dropped down to about 34% after demonetisation because disbursals have been slightly lesser in terms of this, because this gives us room to do more in all these states.

Abhishek Murarka: Sure. Thanks for that.

Moderator: Thank you. We have the next question from the line of Kunal Shah from Edelweiss Securities. Please go ahead.

Kunal Shah: So the question was particularly with respect to the GNPS without RBI dispensation, so which are still at 12% odd so this would be say portfolio at risk at more than 90 days?

H.P. Singh: Without RBI dispensation yes, this is PAR 90.

Kunal Shah: Against that when you look at it so the overall provisioning would still be to the tune of 2.1% odd?

Jugal Kataria: We have made a provision of 1.75% of the total portfolio and so we feel that considering the positive trend, which is there in all zero collection centers, overall collection efficiency, for the time being it is sufficient and we will see how things move on and take the call in the next quarter.

H.P. Singh: And Kunal just to add one point on this, you know PAR 90 was relevant when things absolutely where right and that is why what I had mentioned across over there. In the temporary phase there would possibly be write offs across if you ignore the trending. If you ignore the trending, which is happening across over there, somebody who's PAR without the RBI dispensation, which is PAR 180, is still coming back to my hold because that is a zero collection client. Now if that person is coming in, technically if he is paying an installment, definitely he wants to remain in the system and he is looking forward ahead. He will not pay an installment right now in May, if he does not want to come back into the system. Our sense is that PAR 90 figures, which probably historically we looked at, has probably lesser significance in the next six months as such. But that is why I said and mentioned that after September quarter yes PAR 90 would probably be coming back to the same historical way, the level where we used to look at it. But our sense is that for us it is more important the November and December lag if those guys come back into the system and we are able to navigate and we are able to bring them back and they are back into the fold by paying their installments, I think PAR 90 will probably lose its focus. That is why I said you know we have a client, which is now in PAR 180, but whose pays an installment will drop down to PAR 120 because he pay one or two installments definitely because they do not have the ability to pay all the installments at one time, so he might have two installments and it will drop down from 180 to 120 probably. But it still remain over PAR 90, but for me this client is good because he has come back into the system, now he will pay every center meeting of his back into the fold, but still will remain about PAR 90. So there could be possibilities from write offs happening in June, but my sense is there might be a huge write back that will probably happen in September, that is the way we are looking at it and that is a very significant thing you know, which probably is not being interpreted and lot of people across into the system.

Kunal Shah: Sir see one is that the overall standard asset provisioning of 1.75, which is there on the outstanding portfolio so that would be round about say Rs.60 odd Crores kind of number on the standard asset provisioning and beside that there would be specific provisioning. So both put together what is the number of the overall provisioning, which we have on the balance sheet as of now?

Jugal Kataria: So as on today the total provisioning is Rs.60 Crores that we have. We have not made any additional provisioning. So the change in provisioning policy has resulted in an additional provisioning of Rs.26 Crores in addition to last year that is what we have done.

Kunal Shah: Yes, so Sir I was looking at it may be in terms of these zero collection clients which are there, like say 119,000. So if I consider the average out there to be like say Rs. 20,000 odd or so, so that also becomes like Rs.220 - Rs.230 odd Crores kind of a portfolio?

H.P. Singh: No, right now I will give you a figure - for 119,000 clients of ours, the overdue is Rs.111 Crores.

Kunal Shah: So that is a much lower ticket.

H.P. Singh: So this is Rs.111 Crores, which is overdue on 119,000 clients and Kunal if you really look at it if we dropped dead it right now, it will that 111 crore basically, but if we are able to recover from these, this Rs.111 Crores is going to go down also. So if benchmarked, if by June if we are able to cover let us say 50% of it, technically we will cover about 50% of our overdue.

Kunal Shah: That is what Sir I was just saying may be in terms of the zero collection clients whether we believe that the provisioning of Rs.60 odd Crores is adequate or we will need any?

H.P. Singh: That's Rs.111 Crores as of now.

Kunal Shah: So may be we are expecting 50 or to get recovered from this yes?

H.P. Singh: Well, I think if you guys pray for us and we work hard we will definitely be there.

Jugal Kataria: You probably were multiplying it with the average ticket size of Rs. 23,000 - Rs.24,000.

Kunal Shah: Yes, I just thought the rate would be like Rs. 20,000 ticket size so that is the reason.

H.P. Singh: These are overdues, which are there.

Kunal Shah: Thanks a lot.

Moderator: Thank you. We have the next question from the line of Navneet Sinha from Yes Bank. Please go ahead.

Navneet Sinha: Sir my question is with regards to the collection trend. So November collection has seen incremental improvement getting plateaued after March. So it has come up to some 95% after seven months of lag. So do we see that 4% or 5% of there is a write off risk going forward with this quarter or the coming quarter, or we will be able to collect this 4% or 5% of remaining collections as well?

H.P. Singh: If you talk about my confidence and of the team's confidence, since I have given you a broad data about even the State you know where we are operating in, and the state where the collection was 35% in November and 50% in December. I think no other probable places this probably would have been except in Maharashtra or somewhere I really do not know. But we have not looked at the data which has been given by lot of other people over there, but we have given you a very, very clear indication. So 40% of our portfolio, which lies in UP from a 35% collection, which is moving down to 95% and our collection trend for November, we just talked about November, which is now close to about 95%. My sense is give us some time, which probably be if you navigated from 35% to 97% or 98%, I think talks about the volumes and the strength, which we have into our system that will be able to navigate this also to a large extent. I cannot probably place a figure because this is some thing where we are all working hard, where we are all putting in whatever we have got our efforts to bring it back, but my own sense is that it will probably be lower than what we are talking about looking at the trends.

Navneet Sinha: Sir what would be the quantum of your closing arrears as of March in absolute amount?

H.P. Singh: Our overdue about March is close to about Rs.300 Crores.

Navneet Sinha: Rs.300 Crores?

H.P. Singh: Yes. All overdues put together.

Navneet Sinha: All overdues put together as of March.

H.P. Singh: Yes.

Navneet Sinha: What would have been the provisioning in absolute amount if the RBI dispensation would have not been taken for the portfolio?

Jugal Kataria: You can calculate I think we have given 12% figure on to that.

Navneet Sinha: Thanks Sir!

Moderator: Thank you. We have the next question from the line of Naveen Pachisia from Kotak Mahindra Bank. Please go ahead.

Naveen Pachisia: I just wanted to ask a couple of questions. Sir I just wanted to know what is the money at risk right now from a demonetisation perspective, like what is the lost estimate you are thinking of on the lines from demonetisation?

H.P. Singh: I have given an answer, which is very clear to everyone if you look at the trend please follow that trend. I think a lot of people talk about PAR 90s and everything. I think that would have probably explained to a large extent where our losses would probably be. Give us time for another one month where we are bringing down our zero collection clients and our zero collection centres, where we are bringing in collection efficiencies to 95 to 96%. There has been a a very significant lag. As you know, we would like you to understand this from our perspective. We moved from a collection efficiency of 65% in November and about 81% in December, this was only because we had UP, Punjab and Uttarakhand going to elections and we had currency shortages. So which are explained in my opening remarks, that we have actually navigated something which was bigger than anyone else and we have been able to navigate it from a 65% we brought it now to 95%, so I think we have covered that lag of 30% across where mind you 40% of our portfolio, which is in

UP, UP went to elections in February-March and I think we have got only that time where we have really been able to work may be two months. Going ahead with certain time over there, I think this will be fairly lower where it will be there. So I think you know if you really look at numbers then please look at our efficiencies in the states where we are working in which has got majority portfolio and probably our zero collection clients and zero collection centres.

Naveen Pachisia: Yes Sir, another question was like are we seeing like that is zero collections, are you taking a conscious call not to do business there or we are doing business whether it is being zero collection centres?

H.P. Singh: No, except for I think probably Maharashtra where we are not seeing any major improvement, which we feel this is there, where everywhere else we are seeing huge improvement going on. So we would like to do business over there. This is absolutely perfect scenario for us to look at how do we go ahead because everybody probably if you look at it, we would have out of about 6 to 7 Lakh clients about may be 30,000 to 40,000 clients, which are there in Maharashtra, but we got about 62,000 clients only in UP who probably would not have paid their installments, so for me is the 10% or 9%, which is left now probably in UP or may be lesser than that, which is there. So for us we would like to do business over there, Maharashtra is something we should probably we would look at.

Naveen Pachisia: Thank you Sir!

Moderator: Thank you. We have the next question from the line of Amit Premchandani from UTI Mutual Fund. Please go ahead.

Amit Premchandani: Good afternoon Sir! I just want to understand in terms of incremental borrowing cost say pre-demonetisation period what was your incremental borrowing cost and how has it changed say in May?

Jugal Kataria: So the incremental cost is coming down you know it used to be around 12.75% or so. We have got some sanctions close to 10.0% to 10.5% also. So the incremental cost is coming down, but the blended cost is still around 12% odd, but the incremental cost is surely coming down for all the new sanctions that we are getting.

Amit Premchandani: So what you are saying basically is that in terms of public sector banks or private banks or the NCD market, nobody has changed the rate of interest that they charge for MFIs?

Jugal Kataria: So nobody has reset the sort of say rate on the previous sanctioned amount. Couple of them have increased marginally 0.25% to 0.5% but probably those who are lending in the sector are probably charging the same rates. In general the rates are going down in the economy as such, so benefit of that is also coming in the incremental borrowing.

Amit Premchandani: Sir in terms of the change in the standard asset provisioning form 100 to 175 bps is it fair to assume that from a management perspective on a long-term basis you would see that the credit cost has actually moved up after this experience?

H.P. Singh: We look at it in a different fashion before one of the extreme events, which happened technically and are coming back to the fold again. What we want to build as further reserves for us in the near future may be if we tend to look at it I think we will probably be increasing, if we want to increase, our provisioning just to create buffers for us in terms of if any extreme events like this happens maybe five years from now, we will be able to and we would have build up sufficient reserves in terms of our provisioning going ahead. So there might be slight increase, not because of the credit cost, but we feel that an event which was there has happened is probably out of the way, and we are looking at moving ahead for life and growth ahead. So I think this would probably be building up sufficient buffers for us going forward and that is how we look at it now.

Amit Premchandani: And Sir finally in terms of balance sheet AUM that you managed, in most of the cases or all the cases you will have first loss kind of clauses of 10% roughly?

Jugal Kataria: This is broadly 5% to 6% in most of the transaction.

Amit Premchandani: And the 5% to 6% amount is generally kept in fixed deposits, right?

Jugal Kataria: We structure the transaction where our risk participation in that form, either as over collateral or FD or other third party guarantee.

Amit Premchandani: So in terms of say a UP portfolio, which was less than 80% collection efficiency in some other months, so since you have only 5% first loss guarantee, so the bank who had bought that would have also participated in the gap of say 15% collection efficiency in terms of losses?

Jugal Kataria: Most of the transactions were terminal structure and most of the transactions are still live, barring two to three which have already being closed, and where with some lag we have passed on the collection to the investor, so probably the impact of that will be visible in June and September quarter when those transactions will reach the terminal stage.

Amit Premchandani: Sorry for my ignorance that what do you mean by the terminal stage?

Jugal Kataria: You know in the terminal structure and securitization transactions actual loss is booked when the last date of the closure of transaction comes in. So those transactions are still going on and whatever collection we are doing we are passing it on to the investor through trustee and when the transaction will come to the last stage then the investor may decide whether investor will have some loss or not but since the collections are improving we are passing on the incremental collection to the investor.

H.P. Singh: So till the time, I am H.P. Singh will just add. The time it does not close I think all the lags, which are improving will be probably moving ahead also for these investors also so we will be moving to them also. So there will be improvement in their collections also coming in.

Amit Premchandani: So Rs.100 securitizing transaction, if on the terminal stage you collect finally 90 the five loss will be borne by you and the five loss will be won by the investor?

H.P. Singh: Yes.

Amit Premchandani: Thank you Sir! That is it from my side.

Moderator: Thank you. We have the next question from the line of Megha Hariramani from Pi Square Investments. Please go ahead.

Megha Hariramani: Thank you so much for the opportunity. My question is on the overall picture like you know other MFI companies are now shifting their focus towards housing finance, which I think we have also ventured into. So how do we see housing finance and MSME segment for us growing going forward and are these two segments where we see the growth coming from like when we say that FY2018 onwards things would look better?

H.P. Singh: No, I think for us, we still believe in microfinance. I think a lot of people I do not know when they are shifting to some other possible structure or may be they become some other different kind of an organization, so for them I will be not able to comment on that, but we still feel that microfinance owes a very large significant theory going ahead and it is probably one of the major and important things, which is being pursued by the government as well as by us and a lot of people into the financial inclusion state. Having said that that is going to be our major thrust but we are also looking at how we diversity and look at various other things, which is housing as well as SME sector going across so that we feel that we are not just only a microfinance player where people talk about it and we will be there, so our focus also shifts a little bit towards the thing, but since it will be probably we are starting from scratch the housing finance as well as our SME. We build up very small portfolio and SME also adding in close to about Rs.20, Rs.25 Crores up till now, but we are looking at diversification also in these areas. Going forward I think the microfinance will still have some large space for a few more time to come, but these will also significantly be coming up.

Megha Hariramani: For MFI space what is our growth estimate in terms of the industry overall?

H.P. Singh: Industry had in fact degrown, so if we look at it even the existing clients after a degrowth it will probably be more growth, which is there which can probably be done. So my sense is that we look at it in a very positive function.

Megha Hariramani: That is it from my side. Thank you.

Moderator: Thank you. We have the next question from the line of Vishal Rampuria from HDFC Securities. Please go ahead. It seems that line is in hold for Mr. Vishal Rampuria. We will move to the next question that is from the line of Pratik Chheda from Crisil. Please go ahead.

Pratik Chheda: Thanks for taking my question. You have mentioned in your presentation that you are looking at a loan book portfolio of around 55 billion by the end of March 2018 that is around 35% of growth so just wanted to understand what percentage of growth would come from client acquisition means new borrower acquisition and how much would it come from increase in the ticket size?

H.P. Singh: We have budgets a flat ticket size, and there will be repeat customers, and we are expanding into new geographies exploring eastern side of the country and will expand there. So the average ticket size expansion will be very minimal and most of it will be from acquisition of more clients.

Pratik Chheda: In terms of exposure to the top four states that is UP, Bihar, Punjab and MP, what sort of concentration are you targeting by the end of FY2018 or in FY2019 in terms of the loan book portfolio?

H.P. Singh: Our overall strategy is that we are looking at our major state probably holding out to about 15% to 20% of the portfolio, so I think that is what we are looking at, so if you really look at it our top states will ultimately in a year or couple of years from now will have probably maximum exposure to about 15% to 20% of the total portfolio, so that is what our strategy is now going ahead. We have opened up West Bengal, we have opened up northeast. So I think we are looking at this broadly and this is how we are going to look at it in the future.

Pratik Chheda: Lastly the question is on the borrowers that for some overdue portfolio, so I wanted to know whether the company is lending any incremental gain in giving the loans to the borrowers who have some portfolio outstanding or not at all gaining any incremental lending business especially in the areas like Amravati.

H.P. Singh: Amravati we had, see we are looking at people who are paying, we are not giving any incremental loans to people who are not paying. So people who are paying and they are within the realms of finishing up their installment in the next few months, there we are actually looking at them so that they can make a prepayment and we are looking at a new loan to them. That is how we are looking at it over there. I do not know specially about Amravati, but that is broad strategy we got across everywhere.

Pratik Chheda: Thanks a lot.

Moderator: Thank you. We have the next question from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora: Good afternoon Sir! Thanks for the opportunity. Sir recent update from the MFIN indicates that in states like Maharashtra, Tamil Nadu, Karnataka originally there was no stress, there the 30 days DPD have started to increase considerably, so Sir just wanted to get your sense on our portfolio, and how is it behaving?

H.P. Singh: I can give you just one thing, our 30-day and 60 day has in fact decreased from where we are, so it is not increasing.

Rohan Mandora: Even in these states the non-UP?

H.P. Singh: It is not there in Tamil Nadu. I do not know about those states.

Rohan Mandora: Gujarat?

H.P. Singh: But in Maharashtra, in fact even over there 30 and 60 days probably would be decreasing.

Rohan Mandora: And Sir other question is like suppose like at the end of November for a borrower there was three more installments pending, which would have say got over by January or February, then for the March collection dues so that thing will not reflect in the dues, but because of the overdue do we bring that forward, how does that work in the cumulative collection efficiency calculation, just wanted to understand that?

Jugal Kataria: I cannot get that.

Rohan Mandora: So Sir suppose we have a borrower who has paid six installments by November and loan debt scenario is suppose 12 months and after six months he stops paying you the loans, so in the 13 or 14 months because there is a six months overdue from that particular borrower when we are computing the cumulative collection efficiency do we consider these overdue amounts because that amount is not due for particular month in the 14 month?

Jugal Kataria: So the way these numbers have been calculated, what we are saying is that whatever is due during the month of March versus what is collected during the month of March. So this is how these collection efficiencies has been calculated, when you are talking of collection for a particular period, so whether it is due for during that month or the dues have stopped and all that, so we have seen the money has received during that period.

Rohan Mandora: Right but Sir for the cumulative collection efficiency calculation that we do?

Jugal Kataria: So we are saying that roughly Rs.300 odd Crores is overdue, which is due and not collected.

Rohan Mandora: Thanks a lot.

Moderator: Thank you. We have the next question from the line of Vishal Rampuria from HDFC Securities. Please go ahead.

Vishal Rampuria: Sorry I had some issue with my instrument earlier, so basically Sir I want to understand this JLG model, so the entire premise of the JLG model has been that there is a peer pressure and in case borrower is not able to pay the other person in the group typically pays right, so how has been that experience over the last say few months?

H.P. Singh: So if I give you a very clear-cut answer, there have been situations which has been a little challenging yes, basically because of currency shortage as well as for people who want to impress these borrowers that there are loan waivers happening and you do not have to go to this thing over there, but our boys have stuck to their stance and taken the meeting even if let us say out of 15 members seven are present, they have still held the centre meetings over there. So the fabric is still being intact, it is still being there, though there have been certain challenges in that, I would not deny that. But slowly and steadily it is coming back into the fold. So we are seeing increased attendants now happening across in the group and the centre meeting across from November onwards till now. So I think that is a very positive sign. So JLG, my own sense is, holds to a certain extent where homogeneity works to a certain level and I think our level where you feel that is that for about Rs.45,000 to about Rs.50,000 - JLG is probably one of the best model you can have. Beyond that I will say that that the JLG model will not hold good. We will have to look at the individual lending model or maybe some other model to look at it, but till that phase we feel that it is very, very significant and it is probably one of the best working models at the bottom of the pyramid till that amount.

Vishal Rampuria: Singh Sir can you share how much would be a portfolio at risk 30, 60 days?

H.P. Singh: I would not have the figures. We have given PAR 90 numbers that is what I said, I told that initially today PAR 30, 60, 90 if you really ask us has no value if you compare it with the demonetisation stage. I think after September PAR 30, 60, 90 will hold major significance if you really look at it. PAR 30, 60 will probably be higher right now, the industry talks about PAR 1 or PAR 30 of about 16%, 17%. So our own sense is that is not the true indicator right now.

Vishal Rampuria: Sir you also given in your presentation you have given the number of customer who have not paid a single installment in last five months how that trend has been, so clearly the trend has been very positive. So how has been the experience in case of off-book portfolio? How has been experience in case of off-book portfolio?

Jugal Kataria: Broadly in line there is no major difference between on-book, off-book portfolio, it is the same everywhere.

Vishal Rampuria: Thank you.

Moderator: Ladies and gentlemen that was the last question I would like to hand the conference over to Mr. Aalok Shah for closing comments. Thank you and over to you Sir!

Aalok Shah: On behalf of Centrum Broking we thank you all for being present on the call. Thank you team Satin for such a detailed presentation and helping us get answers to our Q&A. Thank you and you may now conclude the call. Thank you Sir!

Moderator: Thank you very much. Ladies and gentlemen on behalf of Centrum Broking Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.